

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 871

IN THE MATTER OF:

Served September 18, 1968

Application of D. C. Transit )  
System, Inc., for Authority )  
to Increase Fares. )

Application No. 453

Application of D. C. Transit )  
System, Inc., for Authority )  
to Increase its Fleet in )  
Lieu of Purchasing Buses. )

Application No. 436

Docket No. 156

The Commission has before it two motion papers filed by D. C. Transit System, Inc., both seeking modification of Commission Order No. 778. In effect, they can be treated as one motion since the later filing simply updates the initial request. Basically, the motion seeks a delay in the date on which D. C. Transit must take delivery of the 85 new buses which they were directed to purchase by our Order No. 773, entered on January 26, 1968. That order directed that delivery be taken by June 1, 1968. It later developed that it was impossible for the manufacturer to make delivery by that date and in Order No. 778 we extended that deadline to August 1, 1968, at which time delivery was to commence at the rate of three buses daily.

It then developed that this schedule could not be met due to forces beyond the control of either the Commission or D. C. Transit. Specifically, a strike occurred at the bus manufacturing plant just as the buses ordered by D. C. Transit were beginning to come off the assembly line. This halted production and precluded delivery of the buses then completed. The strike lasted from July 31 until September 10, 1968.

At about the time the strike began, D. C. Transit began to explore the possibility of financing the purchase of these buses through certain Federal loan programs rather than through conventional private sources. There would thereby be a saving in the interest rate payable on the loans needed.

Briefly, D. C. Transit sought to make use of Section 202 of Title II of The Housing Act, 42 USC §1491, 69 Stat. 635. This authorizes the loan of Federal funds by the United States Department of Transportation to certain public bodies for capital investment in urban transit equipment. The proposal was to have the Washington Metropolitan Area Transit Authority apply for a loan under this section and use the funds thus available to pay for the buses in question which could then be made available to D. C. Transit. The first step required is a decision by the Bureau of the Budget to release funds for use under the loan program authorized by Section 202. This section has never been used in the past and the loan could not be authorized by DOT until the funds were released by the Budget Bureau. In addition to this decision by the Budget Bureau, it would be necessary for WMATA to decide to apply for the loan and for DOT to give its approval to that application.

D. C. Transit's motion papers take the optimistic viewpoint that all these actions are on the verge of being taken and that action thereon could be completed by October 15, 1968. Hence, they ask that we delay the delivery deadline established by Order No. 778 until that date.

However, the Commission has undertaken its own direct inquiry of officials concerned with the processing of the various actions which would be necessary and we are fully convinced that action could not possibly be completed by October 15. Further, we believe that completion of all the actions necessary to make possible this Federal financing could, and probably would, consume several months. Finally, we have no firm assurance at this time that the eventual result would be approval of the loan.

We do not believe that it is proper to permit further delay in the delivery of these 85 buses. For many years, the company has been under direction to replace a portion of its fleet annually. Until the entry of Order No. 773, a purchase of 100 buses annually was required and in Order No. 773 this was reduced to 85 buses annually. Yet, in the last two years, only 25 new buses have been purchased by D. C. Transit. Meanwhile, we are constantly aware that the fleet is in need of improvement in quality and perhaps even in size. We will brook no further delay in dealing with this problem.

In this connection, we note D. C. Transit's statement in its motion papers that it is "fully prepared to make all the usual financial arrangements necessary" to meet the original August 1 deadline. Our staff confirms that standard private financing arrangements can be made by the company.

This is not to say that we are not concerned with the advantages available through the Federal loan program. We realize they are substantial and we would like to see the company obtain them. In this connection, we note that D. C. Transit is under a continuing obligation to purchase yet another 85 new buses by June 1, 1969. Because of the lead time needed both for placing orders with a manufacturer and for processing the necessary papers with government agencies, we would think it entirely appropriate for D. C. Transit to obtain this assistance with this next purchase of buses. However, the present order will have to be completed through conventional financial means.


Accordingly, we will require that D. C. Transit take delivery forthwith of the buses now being completed by the manufacturer, making whatever normal financial arrangements are necessary to do so.

**THEREFORE, IT IS ORDERED:**

1. That the Motion of D. C. Transit System, Inc., to Modify Order No. 778 be, and it is hereby, denied.

2. That D. C. Transit System, Inc., be, and it is hereby, directed to begin accepting delivery forthwith, and in no event later than Friday, September 27, 1968, of the buses ordered by it pursuant to Order Nos. 773 and 778, making those usual financial arrangements which are necessary to enable such delivery.

**BY DIRECTION OF THE COMMISSION:**



MELVIN E. LEWIS  
Executive Director